



## TFSA Investors: Earn Over \$5,400/Year Passive Income by Investing in These 4 TSX Stocks

### Description

Through the Tax-Free Savings Account (TFSA), Canadian citizens can earn tax-free returns on a specified amount called contribution room. For 2021, the Canada Revenue Agency (CRA) has kept the contribution room unchanged at \$6,000, increasing the cumulative contribution room to \$75,500. If you invest the entire amount in dividends stocks with yields above 7.2%, you can earn a passive income of above \$5,400 every year. Meanwhile, here are the four TSX stocks with their yields currently standing above 7.2%.

### Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) has been paying dividends uninterruptedly for the last 66 years. Meanwhile, it has raised its dividends consecutively over the previous 26 years at a CAGR of 10%. The company operates a low-risk, highly regulated business that generates stable and predictable cash flows, allowing it to raise its dividends consistently.

Meanwhile, Enbridge's management has [planned](#) to put \$10 billion worth of projects into service this year and deliver \$100 million of cost savings. These initiatives could drive the company's earnings and cash flows in 2021. Enbridge has raised its 2021 dividends by 3% to \$3.34, with its dividend yield currently standing at 7.6%. Given its splendid track record, stable cash flows, and high dividend yield, [Enbridge is a good buy for income-seeking investors.](#)

### Keyera

The energy sector's weakness amid the pandemic has impacted **Keyera** ([TSX:KEY](#)). In its recently reported fourth-quarter earnings, the company's adjusted EBITDA had declined by 35.7%. Meanwhile, it has taken several cost-cutting initiatives, which could yield results in 2021. Further, the increased oil demand amid improvement in economic activities could drive Keyera's financials in the coming quarters.

Meanwhile, Keyera has a healthy record of raising its dividends. It has increased its dividends uninterrupted since 2008 at a CAGR of 9%. The company currently pays monthly dividends of \$0.16 per share, with its forward dividend yield standing at 7.4%. Its payout ratio stood at 59%. So, the company has more room to raise its dividends. Further, its financial position also looked healthy, with its liquidity standing at \$1.2 billion.

## Pembina pipeline

Supported by its low-risk, highly contracted business, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) has raised or maintained its dividends for the last 22 years. Meanwhile, in the previous decade, the company has raised its dividends at a CAGR of 4.2%. The company is currently paying monthly dividends of \$0.21 per share with a forward dividend yield of 7.2%.

The recovery in the energy sector amid the expansion of the vaccination program could drive Pembina Pipeline's financials in the coming quarters. The company's management expects its 2021 adjusted EBITDA to range from \$3.2 to \$3.4 billion. Its liquidity position also looks healthy at \$2.54 billion as of September 30. So, given its healthy liquidity position and stable cash flows, I believe its dividends are safe.

## Extendicare

My final pick would be **Extendicare** ([TSX:EXE](#)), which provides care and services to senior citizens across Canada under various brands. The company's financials were under pressure this year, as the pandemic-related operating expenses hurt its margins. However, its long-term growth potential looks promising.

Canada's senior population is growing and could shoot up in the coming decade, driving the demand for Extendicare's services. The company has also started the construction of a 256-bed long-term-care home in Sudbury. Further, it has initiated a caregiver training program, which could mitigate the increasing shortage of personal support workers. So, given the company's high-growth prospects, I believe the company's dividends are safe. It pays monthly dividends of \$0.04 per share, representing an annualized payout of \$0.48 per share and a forward dividend yield of 7.5%.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)

2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:EXE (Extendicare Inc.)
5. TSX:KEY (Keyera Corp.)
6. TSX:PPL (Pembina Pipeline Corporation)

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